

Exhibit E

David Shepardson, *Feds Expand Delphi Probe*, DETROIT NEWS, June 30, 2005

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HEADLINE: Feds expand Delphi probe;
Auto supplier's own investigation of its accounting triggers wider, criminal inquiry.

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BODY:

TROY -- The Justice Department and federal regulators have stepped up a massive investigation into accounting practices at Delphi Corp. following the completion of an internal review that found misconduct among former employees.

What began last July as a preliminary review by the U.S. Securities and Exchange Commission of a \$20 million transaction in 2001 has ballooned into a wide-ranging criminal investigation of Delphi's transactions with former parent General Motors Corp., Bank One, Southfield-based turnaround firm BBK Ltd. and Delphi's independent auditor, Deloitte & Touche, according to several people with direct knowledge of the investigation.

After the financial markets close today, the Troy-based company plans to restate earnings with federal regulators for the past three years. The SEC filing is expected to offer details of Delphi's accounting issues totaling hundreds of millions of dollars and dating back to its 1999 spinoff from GM.

Over the past two months, The Detroit News has interviewed 10 people with knowledge of the investigation into the world's largest auto supplier.

Unlike the Enron or WorldCom scandals, no evidence has come to light in the Delphi probe to suggest company executives stole money or profited directly from improper accounting.

At the heart of the investigation is whether Delphi officials intentionally engaged in a pattern of fraudulent bookkeeping to reach internal goals and mask the company's declining financial condition.

Six Delphi executives have been forced to leave the company in the wake of the scandal -- including the company's vice chairman and chief financial officer, Alan Dawes; former chief accounting officer and controller Paul Free; and former treasurer Pam Geller.

At least a dozen FBI agents, Justice Department prosecutors and SEC lawyers and accountants in Detroit and Washington are probing allegations of accounting and bank fraud.

The SEC has served Delphi with a half-dozen subpoenas seeking records. It has obtained hundreds of thousands of pages, while investigators and the FBI have conducted more than a dozen interviews with current and former employees, two people with direct knowledge of the probe said.

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Delphi has admitted to improperly accounting for hundreds of millions of dollars in transactions -- including overstating cash flow by \$200 million in 2000, and income by \$61 million in 2001.

That included a \$237 million payment to GM in 2000 for recall-related warranty expenses that was improperly booked by Delphi. The company has said it will also restate the value of part of \$85 million in credits from GM for health-care related obligations.

On June 9, Delphi disclosed that executives kept its board of directors and credit rating agencies in the dark about its use of as much as \$300 million in European lines of credit.

Investigators scan e-mails

Some executives have been subpoenaed to testify before the SEC, while the Justice Department's fraud section sent a "target letter" to a former mid-level Delphi executive, according to a person who has seen the letter. That means the government has "substantial evidence linking him or her to the commission of a crime," according to procedures outlined in the U.S. Attorneys' Manual.

A team of outside lawyers at Washington law firm Wilmer Cutler Pickering Hale and Dorr hired by Delphi's audit committee spent 10 months reviewing the company's accounting. That review only concluded earlier this week.

Led by William R. McLucas, who was the SEC's head of enforcement from 1990-98 and has overseen internal investigations at Enron and WorldCom, the legal team conducted about 100 interviews with current and former employees -- some more than once, according to people familiar with the investigation.

They relied on advanced computer programs to search more than 1 million company e-mails, scanning for round number journal entries and e-mails that had terms like "fraud" and "accounting" or "jail" and "accounting," people familiar with the probe said. The searches also focused on specific transactions in question, according to people familiar with the investigation.

Delphi also retained PriceWaterhouseCoopers to review its investigation of internal accounting practices. "If you are looking into past accounting issues, you can't use the same accounting firm," said Delphi spokeswoman Claudia Baucus, who confirmed the company has completed its internal investigation.

Peter Henning, a Wayne State University law professor and former SEC and Justice Department lawyer called Wilmer Cutler "the Cadillac of law firms to do internal investigations."

Feds ramp up probe

Now that the internal probe is done, the federal investigators will step up their investigation, he said.

"This is where things turn. They'll move from a more background role to the forefront," Henning said. .

Given the severity of the accounting errors that Delphi has admitted, it seems likely that the SEC will bring a case -- "It's a given," Henning said -- but a decision on whether criminal charges will be filed is a long way off.

The federal probe has continued to expand as investigators follow transactions and seek records from other companies involved.

GM, EDS, BBK, Deloitte and Bank One have all turned over documents to the SEC in connection with Delphi, people familiar with the investigation said.

Spokeswomen for Bank One and Deloitte both declined to comment. Charles Davidow, a partner at Wilmer Cutler involved in the investigation, declined to comment, as did the SEC and FBI.

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GM and EDS have confirmed they received subpoenas and turned over material to the SEC.

Delphi is expected to acknowledge that a \$20 million payment booked as income in 2001 was actually a loan from EDS and should not have been classified as income.

Delphi is also expected to acknowledge that other rebate transactions weren't properly recognized over the life of contracts, people close to the company said.

Precious metals deal probed

The investigation also has raised questions about sales of precious metals to Bank One and \$90 million in inventory that was sold to BBK and later repurchased.

BBK has said it is cooperating with the SEC and said it did nothing wrong.

Troy-based Delphi has a market value of \$2.6 billion and has 184,000 employees, including 15,000 in Michigan.

At least 10 current and former executives now are represented by well-known defense attorneys, including Delphi Chairman and CEO J.T. Battenberg III, who recently retained Washington lawyer William H. Jeffress. Battenberg is retiring Friday. Jeffress declined to discuss his client's status. He has represented a number of high-profile executives, including Martin Grass, the former chairman and CEO of Rite-Aid who was convicted in an accounting scandal in 2003.

Jeffress won a Supreme Court ruling for former President Richard Nixon involving public access to the Watergate tapes.

Delphi's audit committee has also retained a criminal lawyer, James K. Robinson, a former U.S. attorney in Detroit, who declined to comment.

At least a dozen Detroit lawyers are representing current and former employees at Delphi.

Baucus, Delphi's spokeswoman, declined to discuss the internal investigation.

"These are all parts of the internal investigation that we're not going to discuss," Baucus said. But she said the company's public filings show that Delphi has been quick to acknowledge improper accounting practices.

Some former and current employees have been interviewed for as long 16 hours by federal investigators, lawyers representing them say.

A tip sparks inquiry

The investigation began with a tip from another former GM entity.

In 1996, GM divested Plano, Texas-based EDS, a large information technology and consulting company that it had owned since 1984.

Since 2003, the SEC has been investigating events leading up to EDS' earnings guidance in the third quarter of 2002 and its accounting of certain transactions, especially forward transactions, those involving selling something and agreeing to repurchase it at a later date.

Company executives have been deposed and records turned over under subpoena, according to EDS' public filings.

In July 2004, EDS went to the SEC about a rebate transaction with Delphi -- essentially a \$20 million loan EDS had given Delphi that the auto supplier treated as income.

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By late July, the SEC had given Delphi a subpoena for records connected to the transaction. And in August, the SEC informed Delphi that it had opened a formal investigation.

After receiving the order, Delphi's audit committee hired Wilmer Cutler in late August to conduct an internal review of the transaction.

Throughout the winter, the team interviewed dozens of executives and pored over e-mails and documents.

In March of this year, Delphi publicly disclosed irregular accounting practices. The company's stock has since dropped 26 percent and dozens of lawsuits have been filed against it by retirees and stockholders. Most of the suits are pending in U.S. District Court in Detroit.

About the same time, the SEC made a criminal referral to the U.S. Justice Department and the FBI, saying it had evidence of possible crimes. The Justice Department's fraud section, led by veteran trial attorney Jack Patrick, agreed to join the inquiry.

Delphi immediately waived its "attorney-client privilege" with Wilmer Cutler -- now a standard policy in corporate fraud investigations -- and agreed to cooperate fully with the SEC. The Justice Department said in a 2003 memorandum that companies may be able to avoid prosecution if they cooperate quickly, including waiving legal rights to keep internal reviews secret.

Delphi's outside legal team has given regular oral briefings to the SEC along with presentations summarizing its findings. Delphi lawyers have also given the SEC many of the interview memorandums prepared from talks with company employees or their attorneys, according to people familiar with the investigation.

In other corporate fraud cases, statements made in internal investigations have become key evidence in federal criminal prosecutions.

The Detroit FBI office has assigned two agents to the case, while the U.S. Attorney's Office in Detroit has assigned its chief of economic crimes, Sheldon Light, and another federal prosecutor, Craig Weier, to the Justice Department team, which has two lawyers assigned. The U.S. Postal Inspection Service has assigned criminal investigators in Washington and Detroit to the case.

Key dates

July 2004: Electronic Data Systems Inc. informs the Securities and Exchange Commission of questionable \$20 million rebate transaction involving Delphi.

Late July 2004: SEC serves a subpoena on Delphi seeking records connected to the transaction.

August 2004: SEC informs Delphi that it has opened a formal investigation.

Late August 2004: Delphi's audit committee hires Washington, D.C., law firm Wilmer, Cutler to conduct an internal investigation into accounting issues.

March 4, 2005: Delphi admits a series of accounting mistakes, involving transactions with GM, EDS and others, and discloses its vice chairman and chief financial officer, Alan Dawes, has resigned.

March 30, 2005: The Detroit office of the FBI confirms it has opened a criminal investigation, along with the U.S. Postal Inspectors. Delphi says the company itself is not a target of the investigation.

April 8, 2005: GM receives a subpoena for records connected to Delphi transactions. It says it has turned over unspecified documents to the SEC and continues to cooperate. Southfield-based turnaround firm BBK Ltd. also says it

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has provided information to the SEC about transactions with Delphi

May 18, 2005: Delphi says two more executives resigned and another officer was demoted.

June 8, 2005: Delphi accepts the resignation of its current treasurer, Pam Geller, and former vice president of treasury, mergers & acquisitions, John Blank. The board also discloses it and credit rating agencies didn't know about \$300 million in European lines of credit.

June 30, 2005: Delphi is set to restate earnings for the past three years after the market closes

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